

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Statement of Operations  
MOR - 2  
Month Ended January 31, 2003

	Grace Petroleum Libya Incorporated	Adal Basin Ranch Company	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,024,106
Net sales to non-filing entities	-	-	-	-	-	-	21,364,879
Net sales to filing entities	-	-	-	-	(215,300)	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	2,512,084
Interest and royalties from filing entities, net	-	-	-	-	(5,550)	-	-
Other income	-	-	-	-	-	-	(52,841)
	-	-	-	-	(220,850)	-	91,848,228
Cost of goods sold to third parties	-	-	-	-	-	-	46,142,352
Cost of goods sold to non-filing entities	-	-	-	-	-	-	18,066,845
Cost of goods sold to filing entities	-	-	-	-	(227,166)	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	21,481,933
Research and development expenses	-	-	-	-	-	-	2,690,578
Depreciation and amortization	-	-	-	-	-	-	4,898,645
Interest expense	-	-	-	-	-	-	1,120,588
	-	-	-	-	(227,166)	-	94,400,940
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	6,315	-	(2,552,713)
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	(1,297,106)
(Provision for) benefit from income taxes	-	-	-	-	-	-	(1,615,940)
Minority interest in income of subsidiary	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	10,269,603	10,269,603
<b>Net (loss) income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,315</b>	<b>\$ 10,269,603</b>	<b>\$ 4,803,845</b>

**Note #2**

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
January 31, 2004

	W.R. Grace & Co. Conn	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 128,604,565	\$ -	\$ (10,198)	\$ -	\$ -	\$ -
Accounts and other receivables, net	102,120,000	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	339,523,912	(419,485,411)	(5,869,640)	12,885,115	(37,739,222)	(9,729,614)
Inventories	79,158,501	-	-	-	-	-
Deferred income taxes	18,992,219	-	13,041,807	-	-	-
Other current assets	21,145,188	-	-	-	-	-
<b>Total Current Assets</b>	<b>689,544,384</b>	<b>(419,485,411)</b>	<b>7,161,969</b>	<b>12,885,115</b>	<b>(37,739,222)</b>	<b>(9,729,614)</b>
Properties and equipment, net	377,824,778	-	455,332	-	-	-
Goodwill	14,499,090	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	90,715,820	-	-	-	-	-
Deferred income taxes	755,883,302	-	30,976,884	-	-	-
Asbestos-related insurance receivable	269,395,809	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,255,586,845)	854,177,776	129,747,137	4,840,696	209,208,584	-
Investment in filing and non-filing entities	780,078,847	241,512,111	-	-	-	-
Other assets	77,508,768	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,799,863,952</b>	<b>\$ 676,204,476</b>	<b>\$ 168,341,322</b>	<b>\$ 17,725,811</b>	<b>\$ 171,469,363</b>	<b>\$ (9,729,614)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	39,024,380	-	6,568	-	-	-
Income taxes payable	(0)	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	(0)	-	-	-	-	-
Other current liabilities	70,856,927	-	514,902	-	-	1,471
<b>Total Current Liabilities</b>	<b>109,881,306</b>	<b>-</b>	<b>521,469</b>	<b>-</b>	<b>-</b>	<b>1,471</b>
Debt payable after one year	(438,134)	-	-	-	-	-
Deferred income taxes	143,595,479	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	(0)	-	-	-	-	-
Other liabilities	184,607,085	0	0	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>437,645,736</b>	<b>0</b>	<b>521,470</b>	<b>-</b>	<b>-</b>	<b>1,471</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	551,140,310	-	-	-	-	-
Accounts payable	31,106,140	-	665,607	-	-	-
Income taxes payable	174,814,941	18,570,181	611,326	78,869	3,842,713	45,272
Asbestos-related liability	991,776,274	-	-	-	-	-
Other liabilities	514,376,413	188,091	125,280,931	-	32,094,183	-
<b>Total Liabilities Subject to Compromise</b>	<b>2,263,214,078</b>	<b>18,758,272</b>	<b>126,557,864</b>	<b>78,869</b>	<b>35,936,896</b>	<b>45,272</b>
<b>Total Liabilities</b>	<b>2,700,859,814</b>	<b>18,758,272</b>	<b>127,079,333</b>	<b>78,869</b>	<b>35,936,896</b>	<b>46,743</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	83,968,960	769,956	12,223	1,000	-	1,000
Paid in capital	142,809,878	427,937,023	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(803,042,621)	363,980,751	31,525,316	(16,406,524)	79,520,890	(9,777,357)
Treasury stock, at cost	-	(135,241,626)	-	-	-	-
Accumulated other comprehensive loss	(324,732,078)	100	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(900,995,862)</b>	<b>657,446,204</b>	<b>41,261,988</b>	<b>17,646,942</b>	<b>135,532,467</b>	<b>(9,776,357)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 1,799,863,952</b>	<b>\$ 676,204,476</b>	<b>\$ 168,341,322</b>	<b>\$ 17,725,811</b>	<b>\$ 171,469,363</b>	<b>\$ (9,729,614)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
January 31, 2004

	Litigation Management, Inc.	Grace Europe, Inc.	L B Realty, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,039,470	\$ -
Accounts and other receivables, net	-	92,750	-	-	3,033,092	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,460)	5,680,286	140,524,854	(84,749,767)	(213,185)	(4,018,988)
Inventories	-	(0)	-	-	279,997	-
Deferred income taxes	-	85,488	-	-	13,169	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	(386,938,460)	5,858,525	140,524,854	(84,749,767)	4,152,543	(4,018,988)
Properties and equipment, net	-	-	-	-	725,885	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	38,161	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	468,941,415	(3,281,105)	-	87,903,382	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	-	253,020	-
<b>Total Assets</b>	<b>\$ 82,002,955</b>	<b>\$ 2,669,580</b>	<b>\$ 140,524,854</b>	<b>\$ 61,823,079</b>	<b>\$ 5,131,448</b>	<b>\$ (4,018,988)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	24,934	-	23,688	322,250	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	342,514	-	-	62,586	-
<b>Total Current Liabilities</b>	-	367,448	-	23,688	384,836	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	0	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	367,448	-	23,688	384,836	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	133,907	-
Income taxes payable	11,842,902	(926,081)	(150)	(4,422,361)	1,797,092	(175)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	256,282	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	11,842,902	(669,799)	(150)	(4,422,361)	1,930,999	(175)
<b>Total Liabilities</b>	11,842,902	(302,351)	(150)	(4,398,673)	2,315,836	(175)
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	112	-	-	-	-	-
Common Stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	51,937,489	-	274,606
(Accumulated deficit)/Retained earnings	99,426,351	(442,862)	115,166,011	(41,154,911)	2,814,612	(4,293,619)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,413,794	-	55,438,175	-	-
<b>Total Shareholders' Equity (Deficit)</b>	70,160,053	2,971,932	140,525,004	66,221,752	2,815,612	(4,018,813)
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 82,002,955</b>	<b>\$ 2,669,580</b>	<b>\$ 140,524,854</b>	<b>\$ 61,823,079</b>	<b>\$ 5,131,448</b>	<b>\$ (4,018,988)</b>

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Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

**W.R. Grace & Co. - Chapter 11 Filing Entities**  
**Combining Balance Sheet**  
**MOR - 3**  
**January 31, 2004**

	Alewife Boston Ltd.	Five Alewife Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(16,653)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>(2,143,580)</b>	<b>-</b>	<b>(57,817,172)</b>	<b>(110)</b>	<b>(330)</b>	<b>(16,653)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,994,924</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(210)	-	-	(110)	(330)	(4,062)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(210)</b>	<b>-</b>	<b>-</b>	<b>(110)</b>	<b>(330)</b>	<b>(4,062)</b>
<b>Total Liabilities</b>	<b>(210)</b>	<b>-</b>	<b>-</b>	<b>(110)</b>	<b>(330)</b>	<b>(4,062)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,498,986
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(2,143,370)</b>	<b>-</b>	<b>(23,763,706)</b>	<b>54,500,000</b>	<b>54,500,000</b>	<b>55,998,986</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (2,143,580)</b>	<b>\$ -</b>	<b>\$ (23,763,706)</b>	<b>\$ 54,499,890</b>	<b>\$ 54,499,670</b>	<b>\$ 55,994,924</b>

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W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
January 31, 2004

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern Oil, Resin & Fiberglass, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 17,363	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	6,437	-	-	-	-	-
<b>Total Current Assets</b>	13,317	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,644,257</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	551,649	5,000	-	-	-	-
<b>Total Current Liabilities</b>	551,649	5,000	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	551,649	5,000	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(4,254)	(195)	10,346,794	(230)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	(4,254)	(195)	10,346,794	(230)	-	-
<b>Total Liabilities</b>	547,395	4,805	10,346,794	(230)	-	-
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	5,150	-	-
Paid in capital	1,104,954	859,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(8,092)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	1,096,862	(26,618,827)	47,000,396	(7,283,596)	-	-
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 1,644,257</b>	<b>\$ (26,614,022)</b>	<b>\$ 57,347,191</b>	<b>\$ (7,283,826)</b>	<b>\$ -</b>	<b>\$ -</b>

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

**W.R. Grace & Co. - Chapter 11 Filing Entities**  
**Combining Balance Sheet**  
**MOR - 3**  
**January 31, 2004**

	Guanica-Cambe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.	Monolith Enterprises, Incorporated
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>5,824,284</b>	<b>(101,989)</b>	<b>(1,119,103)</b>	<b>10,284,124</b>	<b>330</b>	<b>(2,417,714)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,824,284</b>	<b>\$ (7,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>(560)</b>	<b>(560)</b>	<b>(450)</b>
<b>Total Liabilities</b>	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>(557)</b>	<b>(560)</b>	<b>(450)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(9,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>5,824,394</b>	<b>(7,966)</b>	<b>(1,118,993)</b>	<b>10,284,682</b>	<b>890</b>	<b>(2,417,264)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 5,824,284</b>	<b>\$ (7,966)</b>	<b>\$ (1,119,103)</b>	<b>\$ 10,284,124</b>	<b>\$ 330</b>	<b>\$ (2,417,714)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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January 31, 2004

	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>(26,312,455)</b>	<b>(5,132,933)</b>	<b>(3,350,634)</b>	<b>(2,509,849)</b>	<b>840</b>	<b>(1,230,613)</b>
Properties and equipment, net	-	-	-	-	-	1,184,871
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (45,742)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>-</b>	<b>(818)</b>	<b>(110)</b>	<b>(210)</b>	<b>(110)</b>	<b>(30)</b>
<b>Total Liabilities</b>	<b>-</b>	<b>(818)</b>	<b>(110)</b>	<b>(210)</b>	<b>(110)</b>	<b>(30)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(45,812)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>(26,312,455)</b>	<b>(5,132,115)</b>	<b>(3,350,524)</b>	<b>(2,509,639)</b>	<b>950</b>	<b>(45,712)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ (26,312,455)</b>	<b>\$ (5,132,933)</b>	<b>\$ (3,350,634)</b>	<b>\$ (2,509,849)</b>	<b>\$ 840</b>	<b>\$ (45,742)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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	W.R. Grace Land Corporation	G.C. Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	36,708,324	-	(73,061)	(12,559,518)	173,455	(19,461,324)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>36,708,324</b>	<b>-</b>	<b>(73,061)</b>	<b>(12,559,518)</b>	<b>173,455</b>	<b>(19,460,824)</b>
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
<b>Total Assets</b>	<b>\$ 42,993,130</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 611,900</b>	<b>\$ (19,456,758)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	2,918
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>6,985</b>
Debt payable after one year	-	-	-	-	438,134	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438,333</b>	<b>6,985</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(812)	-	(110)	(265)	(750)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(812)</b>	<b>-</b>	<b>(110)</b>	<b>(265)</b>	<b>(750)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>(812)</b>	<b>-</b>	<b>(110)</b>	<b>(265)</b>	<b>437,583</b>	<b>6,985</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	8,541,055	4,000	8,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>42,993,942</b>	<b>-</b>	<b>(72,951)</b>	<b>(12,559,253)</b>	<b>174,317</b>	<b>(19,463,742)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 42,993,130</b>	<b>\$ -</b>	<b>\$ (73,061)</b>	<b>\$ (12,559,518)</b>	<b>\$ 611,900</b>	<b>\$ (19,456,758)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.



W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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	Creative Food N Fun Company	Grace PAR Corporation	Grace A-B Inc.	Homco International, Inc.	GPC Thomasville Corp.	Grace Ventures Corp.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,937	6,345,361	810,265	(59,581,612)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>23,478,937</b>	<b>6,345,361</b>	<b>810,265</b>	<b>(59,581,612)</b>	<b>(185)</b>	<b>(86,721)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 23,478,937</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,612)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(1,212)	(300)	(335)	(380)	(185)	(110)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(1,212)</b>	<b>(300)</b>	<b>(335)</b>	<b>(380)</b>	<b>(185)</b>	<b>(110)</b>
<b>Total Liabilities</b>	<b>(1,212)</b>	<b>(300)</b>	<b>(335)</b>	<b>(380)</b>	<b>(185)</b>	<b>(110)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,080,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,988,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>23,480,148</b>	<b>6,345,661</b>	<b>810,600</b>	<b>(59,581,232)</b>	-	<b>(86,611)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 23,478,937</b>	<b>\$ 6,345,361</b>	<b>\$ 810,265</b>	<b>\$ (59,581,612)</b>	<b>\$ (185)</b>	<b>\$ (86,721)</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
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	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,864	875,359	(5,289)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>352,712,699</b>	<b>4,389,612</b>	<b>(15,750,664)</b>	<b>5,296,864</b>	<b>875,359</b>	<b>(5,289)</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,864</b>	<b>\$ 875,359</b>	<b>\$ (5,289)</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(119)	(110)	-	(335)	(310)	(235)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(119)</b>	<b>(110)</b>	<b>-</b>	<b>(335)</b>	<b>(310)</b>	<b>(235)</b>
<b>Total Liabilities</b>	<b>(119)</b>	<b>(110)</b>	<b>-</b>	<b>(335)</b>	<b>(310)</b>	<b>(235)</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(8,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>504,081,905</b>	<b>(9,746,003)</b>	<b>(15,750,664)</b>	<b>5,297,199</b>	<b>875,669</b>	<b>(5,054)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 504,081,786</b>	<b>\$ (9,746,113)</b>	<b>\$ (15,750,664)</b>	<b>\$ 5,296,864</b>	<b>\$ 875,359</b>	<b>\$ (5,289)</b>

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W.R. Grace & Co. - Chapter 11 Filing Entities  
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	Coalgrace II, Inc.	Gracoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,105	130,215,583	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>108,105</b>	<b>130,215,583</b>	<b>145,239,206</b>	<b>(81,115,113)</b>	<b>47,407,796</b>	<b>-</b>
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 108,105</b>	<b>\$ 130,215,583</b>	<b>\$ 145,239,206</b>	<b>\$ (81,115,113)</b>	<b>\$ 47,407,796</b>	<b>\$ -</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>						
<b>Liabilities Not Subject to Compromise</b>						
<b>Current Liabilities</b>						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	27,277,846	27,277,846	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>-</b>	<b>27,277,846</b>	<b>27,277,846</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities Subject to Compromise</b>						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(335)	1,749,665	1,749,790	(480)	(110)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	<b>(335)</b>	<b>1,749,665</b>	<b>1,749,790</b>	<b>(480)</b>	<b>(110)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>(335)</b>	<b>29,027,511</b>	<b>29,027,636</b>	<b>(480)</b>	<b>(110)</b>	<b>-</b>
<b>Shareholders' Equity (Deficit)</b>						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
<b>Total Shareholders' Equity (Deficit)</b>	<b>108,440</b>	<b>101,188,072</b>	<b>116,211,570</b>	<b>(81,114,633)</b>	<b>47,407,906</b>	<b>-</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 108,105</b>	<b>\$ 130,215,583</b>	<b>\$ 145,239,206</b>	<b>\$ (81,115,113)</b>	<b>\$ 47,407,796</b>	<b>\$ -</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities  
Combining Balance Sheet  
MOR - 3  
January 31, 2004

	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	-
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(6,306,706)
Other current assets	-	-	-	-	-
<b>Total Current Assets</b>	-	-	-	-	(6,306,706)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-
Deferred income taxes	-	-	-	-	(198,151,171)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-
Investment in filing and non-filing entities	-	-	(1,316,202,717)	142,581,129	2,000,000
Other assets	-	-	(1,101,282)	-	-
<b>Total Assets</b>	\$ -	\$ -	\$ (1,317,303,999)	\$ 142,581,129	\$ (202,457,877)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>Liabilities Not Subject to Compromise</b>					
<b>Current Liabilities</b>					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	5,000,000
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(17,006,706)
<b>Total Current Liabilities</b>	-	-	-	-	(12,006,706)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(198,151,171)
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	(100,000)	-	-
<b>Total Liabilities Not Subject to Compromise</b>	-	-	(100,000)	-	(210,157,877)
<b>Liabilities Subject to Compromise</b>					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total Liabilities Subject to Compromise</b>	-	-	-	-	-
<b>Total Liabilities</b>	-	-	(100,000)	-	(210,157,877)
<b>Shareholders' Equity (Deficit)</b>					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,199,570,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(31,140,039)	181,543,917	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	(38,962,788)	5,700,000
<b>Total Shareholders' Equity (Deficit)</b>	-	-	(1,317,203,999)	142,581,129	7,700,000
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	\$ -	\$ -	\$ (1,317,303,999)	\$ 142,581,129	\$ (202,457,877)

## Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

**W.R. Grace & Co. - Chapter 11 Filing Entities**  
**Combining Balance Sheet**  
**MOR - 3**  
**January 31, 2004**

	COMBINED FILING ENTITIES
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 129,652,700
Accounts and other receivables, net	105,245,843
Receivables from/(payables to) filing and non-filing entities, net	52,392,262
Inventories	79,438,498
Deferred income taxes	25,825,978
Other current assets	21,151,623
<b>Total Current Assets</b>	<b>413,706,904</b>
Properties and equipment, net	380,629,311
Goodwill	14,499,090
Cash value of company owned life insurance, net of policy loans	90,715,820
Deferred income taxes	588,747,175
Asbestos-related insurance receivable	269,395,809
Loans receivable from/(payable to) filing and non-filing entities, net	445,912,192
Investment in filing and non-filing entities	301,354,915
Other assets	78,349,512
<b>Total Assets</b>	<b>\$ 2,583,310,728</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	
<b>Liabilities Not Subject to Compromise</b>	
<b>Current Liabilities</b>	
Debt payable within one year	\$ 0
Accounts payable	39,405,887
Income taxes payable	5,000,000
Asbestos-related liability expected to be disbursed within one year	(0)
Other current liabilities	55,331,461
<b>Total Current Liabilities</b>	<b>99,737,347</b>
Debt payable after one year	0
Deferred income taxes	-
Asbestos-related liability expected to be disbursed after one year	(0)
Other liabilities	184,507,085
<b>Total Liabilities Not Subject to Compromise</b>	<b>284,244,433</b>
<b>Liabilities Subject to Compromise</b>	
Debt, pre-petition plus accrued interest	551,140,310
Accounts payable	31,905,654
Income taxes payable	220,081,826
Asbestos-related liability	991,776,274
Other liabilities	672,195,900
<b>Total Liabilities Subject to Compromise</b>	<b>2,467,099,964</b>
<b>Total Liabilities</b>	<b>2,751,344,397</b>
<b>Shareholders' Equity (Deficit)</b>	
Preferred Stock	112
Common Stock	772,632
Paid in capital	431,622,841
(Accumulated deficit)/Retained earnings	(165,945,618)
Treasury stock, at cost	(135,241,626)
Accumulated other comprehensive loss	(299,242,010)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(168,033,669)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,583,310,728</b>

**Note #3**

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

<b>W. R. Grace &amp; Co. - Conn</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>January 31, 2004</b>				
	<b>Beginning Tax Liability</b>	<b>Amount Withheld or Accrued</b>	<b>Amount Paid</b>	<b>Ending Tax Liability</b>
<b>Federal</b>				
Withholding	\$ 12,115	\$ 1,766,826	\$ (1,766,826)	\$ 12,115
FICA - Employee	5,894	1,069,322	(1,071,416)	3,800
FICA and payroll- Employer	2,562	1,069,465	(703,312)	368,715
Unemployment	-	346,364	(346,364)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ 20,571</b>	<b>\$ 4,251,977</b>	<b>\$ (3,887,918)</b>	<b>\$ 384,630</b>
<b>State and Local</b>				
Withholding	\$ (168)	\$ 618,937	\$ (618,937)	\$ (168)
Sales & Use	1,116,525	(51,235)	69,857	1,135,147
Property Taxes	2,375,059	379,170	(562,089)	2,192,140
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 3,491,416</b>	<b>\$ 946,872</b>	<b>\$ (1,111,169)</b>	<b>\$ 3,327,119</b>
<b>Total Taxes</b>	<b>\$ 3,511,987</b>	<b>\$ 5,198,849</b>	<b>\$ (4,999,087)</b>	<b>\$ 3,711,749</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc. Status of Postpetition Taxes MOR-4 January 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ 12,646	\$ (12,646)	\$ -
FICA - Employee	-	5,984	(5,984)	-
FICA and payroll- Employer	-	5,984	(5,984)	-
Unemployment	-	2,224	(2,224)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ 26,839	\$ (26,839)	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ 559	\$ (559)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ 559	\$ (559)	\$ -
<b>Total Taxes</b>	\$ -	\$ 27,398	\$ (27,398)	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Grace Washington, Inc. Status of Postpetition Taxes MOR-4 January 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ 3,813	\$ (3,813)	\$ -
FICA - Employee	-	1,228	(1,228)	-
FICA and payroll- Employer	-	1,228	(578)	650
Unemployment	-	650	(650)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ -</b>	<b>\$ 6,919</b>	<b>\$ (6,269)</b>	<b>\$ 650</b>
<b>State and Local</b>				
Withholding	\$ -	\$ 792	\$ (792)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ -</b>	<b>\$ 792</b>	<b>\$ (792)</b>	<b>\$ -</b>
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ 7,711</b>	<b>\$ (7,061)</b>	<b>\$ 650</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.



Chart 5

<b>L B Realty, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>January 31, 2004</b>				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	\$ -	\$ -	\$ -	\$ -
<b>State and Local</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
<b>Total State and Local</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Taxes</b>	\$ -	\$ -	\$ -	\$ -

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

<b>Darex Puerto Rico, Inc.</b> <b>Status of Postpetition Taxes</b> <b>MOR-4</b> <b>January 31, 2004</b>				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
<b>Federal</b>				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	(294)	625	(625)	(294)
FICA and payroll- Employer	-	625	(247)	378
Unemployment	-	507	(507)	-
Other	-	-	-	-
<b>Total Federal Taxes</b>	<b>\$ (294)</b>	<b>\$ 1,757</b>	<b>\$ (1,379)</b>	<b>\$ 84</b>
<b>State and Local</b>				
Withholding	\$ 7	\$ 1,017	\$ (1,017)	\$ 7
Sales & Use	-	-	-	-
Property Taxes	287,711	-	4,063	291,774
Other	-	-	-	-
<b>Total State and Local</b>	<b>\$ 287,718</b>	<b>\$ 1,017</b>	<b>\$ 3,046</b>	<b>\$ 291,781</b>
<b>Total Taxes</b>	<b>\$ 287,424</b>	<b>\$ 2,774</b>	<b>\$ 1,667</b>	<b>\$ 291,865</b>

**Note #4**

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn	
Accounts Receivable Reconciliation and Aging	
MOR-5	
January 2004	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 96,606,877
Amounts billed during the period	67,534,181
Amounts collected during the period	(70,910,400)
Other	3,017,662
Trade accounts receivable at the end of month, gross	\$ 96,248,320
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 71,915,427
1-30 days past due	17,565,817
31-60 days past due	4,072,877
+61 days past due	2,694,199
Trade accounts receivable, gross	96,248,320
Allowance for doubtful accounts	(838,809)
Trade accounts receivable, net	\$ 95,409,511
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 95,409,511
Customer notes and drafts receivable	965,720
Pending customer credit notes	(123,233)
Advances and deposits	4,555,851
Nontrade receivables, net	1,312,151
Total notes and accounts receivable, net	\$ 102,120,000

Chart 6

Remedium Group, Inc. Accounts Receivable Reconciliation and Aging MOR-5 January 2004	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -
<b>Trade Accounts Receivable Aging</b>	
Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ -

Chart 6

Darex Puerto Rico, Inc. Accounts Receivable Reconciliation and Aging MOR-5 January 2004	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ 3,056,184
Amounts billed during the period	489,924
Amounts collected during the period	(465,345)
Other	(13,193)
Trade accounts receivable at the end of month, gross	\$ 3,067,570
<b>Trade Accounts Receivable Aging</b>	
Current	\$ 1,312,834
1-30 days past due	642,797
31-60 days past due	761,972
+61 days past due	349,967
Trade accounts receivable, gross	3,067,570
Allowance for doubtful accounts	(37,625)
Trade accounts receivable, net	\$ 3,029,945
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ 3,029,945
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	3,147
Total notes and accounts receivable, net	\$ 3,033,092

Chart 6

Grace Europe, Inc. Accounts Receivable Reconciliation and Aging MOR-5 January 2004	
<b>Trade Accounts Receivable Reconciliation</b>	
Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -
<b>Trade Accounts Receivable Aging</b>	
Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -
<b>Notes and Accounts Receivable Reconciliation</b>	
Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	92,750
Total notes and accounts receivable, net	\$ 92,750

Chart 7

<b>W.R. Grace &amp; Co., et al</b> <b>Debtor Questionnaire</b> <b>MOR - 5</b> <b>January 2004</b>		
	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in affect? If no, provide and explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

**Note #5**

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds

## **Combined Chapter 11 Filing Entity Statements**



Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities		
Combined Statement of Operations		
Amounts in millions	Month Ended January 31,	
	2004	2003
Net sales to third parties	\$ 68.0	\$ 67.1
Net sales to non-filing entities	21.4	11.4
Interest and royalties from non-filing entities	2.5	2.3
Other (expense) income	(0.1)	2.4
	91.8	83.2
Cost of goods sold to third parties	46.1	44.4
Cost of goods sold to non-filing entities	18.1	8.1
Selling, general and administrative expenses	17.5	18.4
Depreciation and amortization	4.9	5.1
Research and development expenses	2.7	3.8
Net Pension expense	4.0	4.1
Interest expense	1.2	1.4
	94.5	85.3
Loss before Chapter 11 expenses, income taxes and equity in net income of non-filing entities	(2.7)	(2.1)
Chapter 11 expenses, net	(1.3)	(0.4)
Provision for income taxes	(1.7)	(1.2)
Loss before equity net income of non-filing entities	(5.7)	(3.7)
Equity in net income of non-filing entities	10.6	6.8
Net income	\$ 4.9	\$ 3.1

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 9

W. R. Grace & Co. - Chapter 11 Filing Entities	
Combined Functional Basis Statement of Cash Flows	
	One Month Ended January 31, 2004
<i>Amounts in millions</i>	
<b>Core operations cash flow</b>	
Pre-tax income from core operations	\$ (0.3)
Depreciation and amortization	4.9
	4.6
Contributions to defined benefit pension plans	(0.4)
Cash received from Non-Filing entity operating loans	-
Cash received from Non-Filing entity investment	-
Changes in all core assets/liabilities and other	9.6
	13.8
Capital expenditures	(2.1)
<b>Core Pre-tax Operating Cash Flow</b>	<b>11.7</b>
<b>Charges against core reserves</b>	
Pension liabilities	-
Deferred compensation	-
Self insurance	-
<b>Total Spending Against Core Reserves</b>	<b>-</b>
<b>Core Cash Flow</b>	<b>11.7</b>
<b>Noncore cash flow</b>	
Proceeds from asset sales	-
Benefit proceeds under life insurance policies	-
Other noncore pretax cash flow	-
<b>Noncore Pre-tax Cash Flow</b>	<b>-</b>
<b>Charges against noncore reserves</b>	
<b>Asbestos</b>	
Asbestos claims processing	(0.5)
Less - insurance recovery	-
Net asbestos (payments)	(0.5)
Environmental remediation	(0.4)
Retained obligations and other	(0.1)
Postretirement benefits	(0.9)
<b>Total Spending Against Noncore Reserves</b>	<b>(1.9)</b>
<b>Noncore Cash Flow</b>	<b>(1.9)</b>
<b>Total Pre-tax/Pre-interest/Pre-Chapter 11 Cash Flow</b>	<b>9.8</b>
Cash paid for taxes, net of refunds	(0.1)
Cash paid for interest	0.2
Chapter 11 expenses paid	(0.5)
<b>Cash Flow before Strategic Investments</b>	<b>9.4</b>
<b>Strategic Investments</b>	
Cash paid for businesses acquired	-
<b>Cash used for Strategic Investments</b>	<b>-</b>
<b>Cash Flow after Strategic Investments</b>	<b>9.4</b>
Borrowings (repayments) under the DIP facility, net of fees	(0.2)
Net (investing)/financing activities under life insurance policies	-
<b>Net Cash Flow</b>	<b>\$ 9.2</b>

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

W. R. Grace & Co. - Chapter 11 Filing Entities			
Combined Balance Sheet			
Amounts in millions	January 31, 2004	December 31, 2003	April 2, 2001
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 129.7	\$ 120.5	\$ 8.6
Accounts and other receivables, net	105.2	105.6	43.8
Receivables from non-filing entities, net	52.4	46.2	51.2
Inventories	79.4	81.2	80.6
Deferred income taxes	25.9	26.0	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	21.2	21.9	21.9
<b>Total Current Assets</b>	<b>413.8</b>	<b>401.4</b>	<b>304.0</b>
Properties and equipment, net	380.6	383.9	400.4
Goodwill	14.5	14.5	13.6
Cash value of life insurance policies, net of policy loans	90.7	90.8	64.1
Deferred income taxes	588.8	587.9	401.0
Asbestos-related insurance expected to be realized after one year	269.4	269.4	323.4
Loans receivable from non-filing entities, net	445.9	448.0	387.5
Investment in non-filing entities	301.3	283.8	121.0
Other assets	78.3	78.2	308.5
<b>Total Assets</b>	<b>\$ 2,583.3</b>	<b>\$ 2,557.9</b>	<b>\$ 2,323.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Liabilities Not Subject to Compromise</b>			
<b>Current Liabilities</b>			
Debt payable within one year	\$ -	-	-
Accounts payable	39.4	38.3	-
Income Taxes Payable	5.0	5.0	-
Other current liabilities	55.3	51.3	-
<b>Total Current Liabilities</b>	<b>99.7</b>	<b>94.6</b>	<b>-</b>
Debt payable after one year	-	-	-
Other liabilities	184.5	181.6	31.8
<b>Total Liabilities Not Subject to Compromise</b>	<b>284.2</b>	<b>276.2</b>	<b>31.8</b>
<b>Liabilities Subject to Compromise</b>			
Debt, pre-petition plus accrued interest	551.1	550.3	511.5
Accounts payable	31.9	31.9	43.0
Income taxes payable	220.1	217.9	210.1
Asbestos-related liability	991.8	992.3	1,002.8
Other liabilities	672.2	672.9	598.6
<b>Total Liabilities Subject to Compromise</b>	<b>2,467.1</b>	<b>2,465.3</b>	<b>2,366.0</b>
<b>Total Liabilities</b>	<b>2,751.3</b>	<b>2,741.5</b>	<b>2,397.8</b>
<b>Shareholders' Equity (Deficit)</b>			
Common stock	0.8	0.8	0.8
Paid in capital	431.6	432.1	432.6
Accumulated deficit	(166.0)	(170.9)	(201.8)
Treasury stock, at cost	(135.2)	(135.9)	(136.4)
Accumulated other comprehensive income (loss)	(299.2)	(309.7)	(169.5)
<b>Total Shareholders' Deficit</b>	<b>(168.0)</b>	<b>(183.6)</b>	<b>(74.3)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 2,583.3</b>	<b>\$ 2,557.9</b>	<b>\$ 2,323.5</b>

The Notes to Combined Financial Statements are an integral part of these statements.

**W. R. Grace & Co.**  
**Notes to Combined Financial Statements**  
**January 31, 2004**

**1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies**

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis. These businesses consist of catalyst and silica products ("Davison Chemicals") and construction chemicals, building materials and sealants and coatings ("Performance Chemicals").

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co., either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

**VOLUNTARY BANKRUPTCY FILING**

In response to a sharply increasing number of asbestos-related bodily injury claims, on April 2, 2001 (the "Filing Date"), W. R. Grace & Co. and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States Bankruptcy Code ("Chapter 11" or the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in bodily injury claims, higher than expected costs to resolve bodily injury and certain property damage claims, and class action lawsuits alleging damages from a former attic insulation product. After a thorough review of these developments, the Board

of Directors of Grace concluded on April 2, 2001 that a federal court-supervised Chapter 11 process provided the best forum available to achieve predictability and fairness in the claims settlement process.

By filing under Chapter 11, Grace expects to be able to both obtain a comprehensive resolution of the claims against it and preserve the inherent value of its businesses. Under Chapter 11, the Debtors expect to continue to operate their businesses as debtors-in-possession under court protection from their creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims against them.

*Consequence of Filing* – As a consequence of the Filing, pending litigation against the Debtors for pre-petition matters is generally stayed (subject to certain exceptions in the case of governmental authorities), and no party may take action to realize its pre-petition claims except pursuant to an order of the Bankruptcy Court.

The Debtors intend to address all of their pending and future asbestos-related claims and all other pre-petition claims in a plan of reorganization. Such a plan of reorganization may include the establishment of a trust through which all pending and future asbestos-related claims would be channeled for resolution. However, it is currently impossible to predict with any degree of certainty the amount that would be required to be contributed to the trust, how the trust would be funded, how other pre-petition claims would be treated or what impact any reorganization plan may have on the shares of common stock of the Company. The interests of the Company's shareholders could be substantially diluted or cancelled under a plan of reorganization. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the ultimate value assigned to Grace's asbestos-related claims, which will be addressed through the Bankruptcy Court proceedings. The formulation and implementation of the plan of reorganization is expected to take a significant period of time.

*Status of Chapter 11 Proceedings* – Since the Filing, all motions necessary to conduct normal business

activities have been approved by the Bankruptcy Court. In addition, the Debtors have received approval from the Bankruptcy Court to pay or otherwise honor certain of its pre-petition obligations in the ordinary course of business, including employee wages and benefits, customer programs, shipping charges, and a limited amount of claims of essential trade creditors.

As provided by the Bankruptcy Code, the Debtors had the exclusive right to propose a plan of reorganization for a 120-day period following the Filing Date. The Debtors have received extensions of their exclusivity period during which to file a plan of reorganization through February 1, 2004, and extensions of the Debtors' exclusive rights to solicit acceptances of a reorganization plan through April 1, 2004. The Debtors have filed a motion with the Bankruptcy Court to further extend the exclusivity period for an additional six months.

Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders have been appointed in the Chapter 11 Cases. These committees will have the right to be heard on all matters that come before the Bankruptcy Court and, together with a legal representative of future asbestos claimants (whom Grace expects to be appointed by the Bankruptcy Court in the future), are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the future asbestos claimants representative, including those of their counsel and financial advisors.

The Debtors' Chapter 11 cases have been assigned to Judge Alfred M. Wolin, a senior federal judge who sits in Newark, New Jersey. Judge Wolin is presiding over asbestos bodily injury matters and the fraudulent conveyance litigation described below. He has assigned the Debtors' other bankruptcy matters to Judge Judith Fitzgerald, a U.S. bankruptcy judge from the Western District of Pennsylvania, sitting in Wilmington, Delaware.

*Claims Filings* – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-

related bodily injury claims or claims related to Zonolite® attic insulation ("ZAP"), which will be dealt with separately.

Approximately 15,000 proofs of claim were filed by the bar date. Of these claims, approximately 10,000 were non-asbestos related, approximately 4,000 were for asbestos-related property damage, and approximately 1,000 were for medical monitoring. In addition, approximately 400 proofs of claim were filed after the bar date. The discussion below refers to claims filed before the bar date.

Approximately 7,000 of the 10,000 non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views these claims as contingent and does not plan to address them until a later date in the Chapter 11 proceedings. The other non-asbestos related claims include claims for payment for goods and services; taxes; product warranties; principal plus interest under pre-petition credit facilities; amounts due under leases; leases and other executory contracts rejected in the Bankruptcy Court; environmental remediation; indemnification or contribution from actual or potential co-defendants in asbestos-related and other litigation; pending non-asbestos related litigation; and non-asbestos related personal injury.

The Debtors' preliminary analysis indicated that many claims are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of January 31, 2004, the Debtors had filed with the Bankruptcy Court approximately 1,100 objections with respect to such claims, most of which were non-substantive (duplicates, no supporting documentation, late filed claims, etc.). The Debtors expect to file a substantial number of additional objections, most of which will be substantive, as analysis and evaluation of the claims progresses. However, based on its initial claims analysis and other available information, Grace increased its aggregate estimated liability for environmental remediation and asbestos-related litigation. No other charges to Filing Date liabilities was deemed warranted at this time.

The medical monitoring claims were made by individuals who allege exposure to asbestos through

Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. However, based on the number and expected cost of such claims, Grace does not believe such claims will have a material effect on its Consolidated Financial Statements. No specific liability has been established for these claims.

Grace believes that its recorded liabilities represent a reasonable estimate of the ultimate allowable amount for claims that are not in dispute or have been submitted with sufficient information to both evaluate their merit and estimate the cost value of the claim. However, because of the uncertainties of the Chapter 11 and litigation process, the in-progress state of Grace's investigation of submitted claims, and the lack of documentation in support of many claims, such recorded liabilities may prove to be insufficient to satisfy all of such claims. As claims are resolved, or where better information is available and evaluated, Grace will make adjustments to the liabilities recorded on its financial statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

*Litigation Proceedings in Bankruptcy Court* – In July 2002, the Bankruptcy Court approved special counsel to represent the ZAI claimants, at the Debtors' expense, in a proceeding to determine certain threshold scientific issues regarding ZAI. The Debtors' expect the Bankruptcy Court to establish a schedule for determining pending motions following a status conference in May 2004.

In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius Medical Care AG ("Fresenius") and the 1998 reorganization involving a predecessor of Grace and Sealed Air Corporation ("Sealed Air") were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air on behalf of the Debtors' estates.

On November 29, 2002, Sealed Air and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos and fraudulent conveyance claims related to such transactions. Under the terms of the Fresenius settlement, as subsequently revised and subject to certain conditions, Fresenius would contribute \$115.0 million to the Debtors' estate as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the proposed Sealed Air settlement, Sealed Air would make a payment of \$512.5 million (plus interest at 5.5% per annum, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (valued at \$448.1 million as of January 31, 2004), as directed by the Bankruptcy Court upon confirmation of Debtors' plan of reorganization. The Sealed Air settlement has not been agreed to by the Debtors and remains subject to the approval of the Bankruptcy Court and the fulfillment of specified conditions. The Debtors are unable to predict how these settlements may ultimately affect their plan of reorganization.

*Impact on Debt Capital* – All of the Debtors' pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheet as of January 31, 2004 reflects the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N. A. (the "DIP facility") in the aggregate amount of \$250 million. The term of the DIP facility, expires on April 1, 2006.

*Accounting Impact* – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of

certain Debtors' assets and the liquidation of certain Debtors' liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, a plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements, which do not currently give effect to any adjustments to the carrying value or classification of assets or liabilities that might be necessary as a consequence of a plan of reorganization.

Pursuant to SOP 90-7, Grace's pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of January 31, 2004, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). The recorded amounts of such liabilities generally reflect accounting measurements as of the Filing Date, adjusted as warranted for changes in facts and circumstances, new information obtained in the claims review process, and/or rulings under Grace's Chapter 11 proceedings subsequent to the Filing. Obligations of Grace subsidiaries not covered by the Filing continue to be classified on the Consolidated Balance Sheet based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items.

#### **Basis of Presentation**

The interim Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with generally accepted

accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in W. R. Grace & Co.'s 2002 Form 10-K and, when filed, its 2003 Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed. Certain amounts in prior years' Combined Financial Statements have been reclassified to conform to the 2004 presentation.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements, and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities such as asbestos-related matters, environmental remediation, income taxes and retained obligations of divested businesses.
- Pension and post-retirement liabilities that depend on assumptions regarding discount rates and/or total returns on invested funds.

- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets.
- Realization values of various assets such as trade receivables, inventories, insurance receivables, income taxes, and goodwill.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under the Chapter 11 Cases.

## 2. Chapter 11 Related Financial Information

As a result of the Filing, Grace's Consolidated Balance Sheet separately identifies the liabilities that are "subject to compromise" as a result of the Chapter 11 proceedings. In Grace's case, "liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the accrual of interest on pre-petition debt at the pre-petition contractual rate; 3) accruals for employee-related programs; and 4) changes in estimates related to pre-petition contingent liabilities and assets.

Set forth below is a reconciliation of the changes in pre-filing date liability balances for the period from the Filing Date through January 31, 2004.

(Dollars in millions)	Current Month	Cumulative Since Filing
Balance, beginning of period .....	\$ 2,465.3	\$ 2,366.0
Cash disbursements and/or reclassifications under bankruptcy court orders:		
Freight and distribution order ...	--	(5.7)
Trade accounts payable order ...	--	(9.1)
Other court orders including employee wages and benefits, sales and use tax and customer programs .....	--	(183.6)
Expense/(income) items:		
Interest on pre-petition debt .....	0.9	47.6
Current period employment-related accruals .....	0.8	20.3
Change in estimate of asbestos-related property damage contingencies .....	--	30.0
Change in estimate of environmental contingencies .....	--	219.0
Change in estimate of income tax contingencies .....	--	6.9
Balance sheet reclassifications .....	0.1	(24.3)
Balance, end of period .....	\$ 2,467.1	\$ 2,467.1

Pre-Filing Date obligations allowable under current court orders and expected to be paid prior to an adopted plan or reorganization are classified as "liabilities not subject to compromise." Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the allowance of contingent or disputed claims.



**3. Other Balance Sheet Accounts**

(Dollars in millions)	January 31, 2004	Filing Date
<b>Accounts and other receivables, net</b>		
Trade receivables, less allowance of \$0.9 (Filing Date - \$0.7) .....	\$ 99.3	\$ 32.3
Other receivables, less allowance of \$1.7 (Filing Date - \$2.1) .....	5.9	11.5
	<b>\$ 105.2</b>	<b>\$ 43.8</b>
<b>Inventories</b>		
Raw materials .....	\$ 21.3	\$ 20.3
In process .....	22.3	16.2
Finished products .....	61.9	63.8
General merchandise .....	10.7	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis .....	(36.8)	(29.3)
	<b>\$ 79.4</b>	<b>\$ 80.6</b>
<b>Other Assets</b>		
Deferred pension costs .....	\$ 6.2	\$ 227.9
Deferred charges .....	30.0	40.4
Long-term receivables .....	8.5	1.9
Long-term investments .....	-	2.1
Patents, licenses and other intangible assets .....	13.8	25.2
Pension - unamortized prior service cost .....	19.8	8.1
Other assets .....	--	2.9
	<b>\$ 78.3</b>	<b>\$ 308.5</b>
<b>Other Current Liabilities</b>		
Accrued compensation .....	\$ 20.0	\$ --
Accrued commissions .....	6.5	--
Customer programs .....	16.5	--
Accrued utilities .....	0.1	--
Accrued freight .....	2.4	--
Other accrued liabilities .....	9.8	--
	<b>\$ 55.3</b>	<b>\$ --</b>
<b>Other Liabilities</b>		
Deferred royalty income-nonfiling entities .....	--	31.8
Pension - underfunded plans .....	184.0	--
Other accrued liabilities .....	0.5	--
	<b>\$ 184.5</b>	<b>\$ 31.8</b>
<b>Liabilities Subject to Compromise</b>		
Other postretirement benefits .....	\$ 133.2	\$ 185.4
Environmental remediation .....	332.0	164.8
Retained obligations of divested businesses .....	57.0	75.5
Special pension arrangements .....	69.8	70.8
Deferred compensation .....	5.1	8.2
Self insurance reserve .....	20.4	11.8
Other accrued liabilities .....	54.7	82.1
	<b>\$ 672.2</b>	<b>\$ 598.6</b>

**4. Life Insurance**

Grace is the beneficiary of life insurance policies on certain current and former employees with a net cash surrender value of \$90.8 million at December 31, 2003. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years. The following table summarizes the net cash value at January 31, 2004 and Filing Date:

Components of Net Cash Value	January 31, 2004	Filing Date
Gross cash value .....	\$ 481.1	\$ 453.7
Principal - policy loans .....	(365.3)	(390.3)
Accrued interest - policy loans .....	(25.1)	0.7
Net cash value .....	<b>\$ 90.7</b>	<b>\$ 64.1</b>
Insurance benefits in force .....	<b>\$ 2,207.1</b>	<b>\$ 2,286.0</b>

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

**5. Debt**

On January 31, 2004, and Filing Date, Grace's debt was as follows:

Components of Debt (Dollars in millions)	January 31, 2004	Filing Date
<b>Debt payable within one year</b>		
DIP facility .....	\$ --	\$ --
Other short-term borrowings .....	--	--
	<b>\$ --</b>	<b>\$ --</b>
<b>Debt payable after one year</b>		
DIP facility .....	\$ --	\$ --
Other long-term borrowings .....	--	--
	<b>\$ --</b>	<b>\$ --</b>
<b>Debt Subject to Compromise</b>		
Bank borrowings .....	\$ 500.0	\$ 500.0
8.0% Notes Due 2004 .....	--	5.7
7.75% Notes Due 2002 .....	--	2.0
Other borrowings .....	1.2	1.2
Accrued interest .....	49.9	2.6
	<b>\$ 551.1</b>	<b>\$ 511.5</b>

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by a priority lien on substantially all assets of the Debtors, and bears interest based on LIBOR. The

Debtors' have extended the term of the DIP facility through April 1, 2006. Grace had no outstanding borrowings under the DIP facility as of January 31, 2004; however, \$26.0 million of standby letters of credit were issued and outstanding under the facility. The letters of credit, which reduce available funds under the facility, were issued mainly for trade-related matters such as performance bonds and certain insurance and environmental matters.

The 7.75% Notes were repaid on June 11, 2001, and the 8.0% Notes were repaid on August 15, 2001, by the unaffiliated guarantor of the Notes. Grace's liability with respect to these notes is included in other liabilities subject to compromise as of January 31, 2004.

## **Bank Statements**

TS

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

Account No: 910-1-013572  
Statement Start Date: 29 NOV 2003  
Statement End Date: 31 DEC 2003  
Statement Code: 000-USA-21  
Statement No: 012  
Page 1 of 4

TRANSACTIONS			BALANCES			ENCLOSURES		
Total Credits	2	200,000.00	Opening (29 NOV 2003)	110,477.35	Closing (31 DEC 2003)	Credits	0	0
Total Debits (incl. checks)	22	204,465.84	Ledger	110,477.35	Ledger	Debits	0	0
Total Checks Paid	0	0.00	Collected	110,477.35	Collected	Checks	0	0

Ledger Date	Adj Ledger Date	Value Date	F	T	References	Credit / Debit	Description	Closing Balances Date	Amount
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<b>CREDITS</b>									
10DEC		10DEC	USD		YOUR: CAP OF 03/12/10 OUR: 2222400344J0	100,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY CAMBRIDGE MA 02140- REF: CHASE MEDICAL ACCT FUNDING	01DEC	99,801.95
24DEC		24DEC	USD		YOUR: CAP OF 03/12/24 OUR: 0782900358J0	100,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY CAMBRIDGE MA 02140- REF: CHASE MEDICAL ACCT FUNDING	02DEC	92,613.50
<b>DEBITS</b>									
01DEC	28NOV	28NOV	USD		OUR: 0333500096WA	10,675.40	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 11/28/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	03DEC	85,876.15
02DEC	01DEC	01DEC	USD		OUR: 0333600098WA	7,188.45	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/01/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	04DEC	73,985.71
03DEC	02DEC	02DEC	USD		OUR: 0333700094WA	6,737.35	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/02/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	05DEC	65,796.12
<b>LEDGER BALANCES</b>									
01DEC								01DEC	99,801.95
02DEC								02DEC	92,613.50
03DEC								03DEC	85,876.15
04DEC								04DEC	73,985.71
05DEC								05DEC	65,796.12
06DEC								06DEC	57,825.81
07DEC								07DEC	46,705.95
08DEC								08DEC	137,930.52
09DEC								09DEC	128,837.70
10DEC								10DEC	121,002.63
11DEC								11DEC	115,721.45
12DEC								12DEC	101,979.25
13DEC								13DEC	92,594.68
14DEC								14DEC	79,076.31
15DEC								15DEC	63,916.41
16DEC								16DEC	58,952.32
17DEC								17DEC	46,831.21
18DEC								18DEC	133,016.16
19DEC								19DEC	122,912.25
20DEC								20DEC	116,057.16
21DEC								21DEC	110,583.51
22DEC								22DEC	106,011.51
23DEC								23DEC	
24DEC								24DEC	
25DEC								25DEC	
26DEC								26DEC	
27DEC								27DEC	
28DEC								28DEC	
29DEC								29DEC	
30DEC								30DEC	
31DEC								31DEC	
<b>COLLECTED BALANCES</b>									
01DEC								01DEC	99,801.95
02DEC								02DEC	92,613.50
03DEC								03DEC	85,876.15
04DEC								04DEC	73,985.71
05DEC								05DEC	65,796.12

FT CODE: USD - SAME DAY FUNDS US1 - ONE DAY FLOAT US3 - THREE DAY FLOAT US5 - FIVE DAY FLOAT  
USN - NEXT DAY FUNDS US2 - TWO DAY FLOAT US4 - FOUR DAY FLOAT USM - MIXED FLOAT

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY, MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.

TS

W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

Account No:  
Statement Start Date:  
Statement End Date:  
Statement Code:  
Statement No:

910-1-013572  
29 NOV 2003  
31 DEC 2003  
000-USA-21  
012  
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Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit/Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>								
04DEC 03DEC		03DEC	USD	OUR: 0333800095WA	11,890.44	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/03/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	08DEC 09DEC 10DEC 11DEC 12DEC 15DEC 16DEC 17DEC	57,825.81 46,705.95 137,930.52 128,837.70 121,002.63 115,721.45 101,979.25 92,594.68 79,076.31
05DEC 04DEC		04DEC	USD	OUR: 0333900097WA	8,189.59	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/04/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	18DEC 19DEC 20DEC 21DEC 22DEC 23DEC 24DEC 25DEC	63,916.41 58,952.32 46,831.21 133,016.16 122,912.25 116,057.16 110,583.51 106,011.51
08DEC 05DEC		05DEC	USD	OUR: 0334200094WA	7,970.31	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/05/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	26DEC 27DEC 28DEC 29DEC 30DEC 31DEC	
09DEC 08DEC		08DEC	USD	OUR: 0334300098WA	11,119.86	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/08/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
10DEC 09DEC		09DEC	USD	OUR: 0334400092WA	8,775.43	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/09/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
11DEC 10DEC		10DEC	USD	OUR: 0334500092WA	9,092.82	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/10/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
12DEC 11DEC		11DEC	USD	OUR: 0334600093WA	7,835.07	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/11/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
15DEC 12DEC		12DEC	USD	OUR: 0334900089WA	5,281.18	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		

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W R GRACE & CO  
C/O CORPORATE ACCOUNTING  
7500 GRACE DRIVE  
COLUMBIA MD 21044-4098

Account No: 910-1-013572  
Statement Start Date: 29 NOV 2003  
Statement End Date: 31 DEC 2003  
Statement Code: 000-USA-21  
Statement No: 012  
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Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit/Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>								
16DEC 15DEC		15DEC	USD	OUR: 0335000091WA	13,742.20	002-2-416598 FOR WORK OF 12/12/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/15/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
17DEC 16DEC		16DEC	USD	OUR: 0335100090WA	9,384.57	002-2-416598 FOR WORK OF 12/16/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
18DEC 17DEC		17DEC	USD	OUR: 0335200088WA	13,518.37	002-2-416598 FOR WORK OF 12/17/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
19DEC 18DEC		18DEC	USD	OUR: 0335300090WA	15,159.90	002-2-416598 FOR WORK OF 12/18/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
22DEC 19DEC		19DEC	USD	OUR: 0335600086WA	4,964.09	002-2-416598 FOR WORK OF 12/19/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
23DEC 22DEC		22DEC	USD	OUR: 0335700088WA	12,121.11	002-2-416598 FOR WORK OF 12/22/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		
24DEC 23DEC		23DEC	USD	OUR: 0335800088WA	13,815.05	002-2-416598 FOR WORK OF 12/23/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO.		

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W R GRACE & CO  
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Account No: 910-1-013572  
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Statement End Date: 31 DEC 2003  
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Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit/Debit	Description	Date	Closing Balances Amount
<b>DEBITS CONTINUED</b>								
26DEC	24DEC	24DEC	USD	OUR: 0336000091WA	10,103.91	ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/24/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
29DEC	26DEC	26DEC	USD	OUR: 0336300090WA	6,855.09	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/26/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
30DEC	29DEC	29DEC	USD	OUR: 0336400093WA	5,473.65	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/29/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		
31DEC	30DEC	30DEC	USD	OUR: 0336500093WA	4,572.00	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 12/30/03 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098		

CHECKS

No Activity